

Message Text

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64

ACTION EUR-25

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USIA-15 NIC-01 ACDA-19 AID-20 COME-00 EB-11 FRB-03

TRSE-00 XMB-07 OPIC-12 CIEP-03 LAB-06 SIL-01 OMB-01

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TAGS: EGEN UR US

SUBJ: SOVIET VIEW OF U.S. ECONOMIC PROBLEMS AND WASHINGTON SUMMIT
CONFERENCE: POOR GET POORER, RICH GET RICHER

1. SUMMARY: PRAVDA, SEPT 26 UNDER HEADING "HARD TIMES," TELLS OF PREPARATIONS FOR ECONOMIC SUMMIT IN WASHINGTON AND DESCRIBES HIGH RATE OF INFLATION AND INCREASED UNEMPLOYMENT WHICH ALLEGEDLY MADE CONFERENCE NECESSARY. GENERAL THRUST OF ARTICLE IS THAT POOR AND ELDERLY AMERICANS ARE BEARING BRUNT OF ECONOMIC PROBLEMS WHILE RICH CONTINUE GROW RICHER. IN SAME VEIN PRAVDA WRITER PREDICTS SOLUTIONS RECOMMENDED BY QTE SENIOR REPRESENTATIVES INDUSTRIAL MONOPOLIES AND BANKS, LEADING ECONOMISTS AND LABOR UNION OFFICIALS UNQTE, TOGETHER WITH CONGRESSMEN AND EXECUTIVE LEADERS WILL BE AT EXPENSE SOCIAL PROGRAMS IMPORTANT TO WORKING CLASS. PENTAGON BUDGET WILL REMAIN UNTOUCHED AND CORPORATE PROFITS EXPAND STILL FURTHER. IN BRIEF (PERHAQHIONAL) ACKNOWLEDGE-
MENT THAT AMERICAN POLITICAL SYSTEM DOES PROVIDE CHANNEL FOR CITIZENS TO INFLUENCE ECONOMIC POLICY, PRAVDA WRITER MENTIONS UPCOMING CONGRESSIONAL ELECTIONS AND STATES QTE ALARM IS ALSO GROWING ON CAPITAL HILL UNQTE BECAUSE
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CANDIDATES REALIZE PRESSURE IS ON FROM VOTERS FOR SATISFACTORY

SOLUTIONS INFLATION AND UNEMPLOYMENT. END SUMMARY.

2. ARTICLE IN SEPT 26 PRAVDA BY B. STRELNIKOV CLAIMS THAT ECONOMIC SUMMIT ITSELF EVIDENCE OF QTE DIFFICULT POSITION OF U.S. ECONOMY UNQTE. WHILE COMPLAINTS HEARD FROM ALL SECTORS, HARDEST HIT ACCORDING TO STRELNIKOV ARE POOR, SINCE PRICES OF BASIC RATIONS (BEANS, FLOUR, RICE) HAVE INCREASE SOME 125-256 PER CENT SINCE DECEMBER 1970. FIGURES CITED FROM QTE BOURGEOIS AMERICAN JOURNAL UNQTE "TIME" MAGAZINE WHICH, SAYS STRELNIKOV, CANNOT BE SUSPECT OF EXAGGERATION WHEN DISCUSSING PLIGHT OF AMERICAN WORKERS. DECLINES IN INDUSTRIAL PRODUCTION DURING SECOND HALF 1974, INCLUDING OVERPRODUCTION SOME FIRMS ALONG WITH UNDER-UTILIZATION RESOURCES IN OTHER INDUSTRIES, PROVIDE CON-

TRADICTIONS SHOWING QTE INSTABILITY OF CAPITALISTIC ECONOMY UNQTE. STRELNIKOV SAYS PROBLEMS AGGRAVATED BY QTE PREDATORY PRACTICE OF MONOPOLISTIC CAPITAL WHICH SYSTEMATICALLY CREATES ARTIFICIAL SHORTAGES OF RAW MATERIALS AND GOODS, DESIGNED TO INFLATE PRICES, MAKING USE OF LARGE SCALE SPECULATION AND TRYING TO PLACE ECONOMIC BURDEN ON WORKERS' SHOULDERS UNQTE.

3. STRELNIKOV CLAIMS THAT PROFITS LARGE US CORPORATIONS CONTINUE TO GROW WHILE REAL WAGES FALL AND UNEMPLOYMENT INCREASES. SECRETARY TREASURY SIMON QUOTED THAT UNEMPLOYMENT WOULD GO UP FROM 5.4 TO 7-8 PERCENT. RESULTS OF RECENT GALLUP POLL SAID TO INDICATE 68 PERCENT OF THOSE QUERIED EXPECT ECONOMY TO GET WORSE, THEREBY CREATING WIDESPREAD FEAR OF 1930'S TYPE DEPRESSION. CONDITIONS HAVE REACHED POINT WHERE WORKERS MORE FREQUENCY RESORTING TO QTE WEAPON OF WORKING CLASS--STRIKES AND WORK STOPPAGES UNQTE. FIGURE OF OVER 600 STRIKES GIVEN FOR JULY 16, REPORTEDLY NEW RECORD SINCE 1940. ACTION TAKEN TO REDUCE FEDERAL EXPENDITURES IN AREA HOUSING, AID TO POOR AND ELDERLY AND URBAN TRANSPORT, AS EXPLAINED BY OMB DIRECTOR ASH AT QTE BANKERS CLUB UNQTE LUNCHEON SHOWS THAT QTE BATTLE WITH INFLATION IS AGAIN PLACED ON SHOULDERS OF WORKERS UNQTE. FAILURE TO REDUCE PENTAGON BUDGET, WRITES STRELNIKOV, NOT ONLY SHIFTS BURDEN TO POOR BUT ALSO FEEDS INFLATION.

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4. IN REFERENCE TO NOVEMBER CONGRESSIONAL ELECTION, ARTICLE CLAIMS THERE IS INCREASING ALARM ON CAPITOL HILL BECAUSE VOTERS CONCERNED SOLELY WITH INFLATION AND UNEMPLOYMENT AND CLEARLY DISSATISFIED WITH QTE FEDERAL INDECISIVENESS UNQTE ABOUT ECONOMIC PROBLEMS. STRELNIKOV

ALSO MENTIONS RECENTLY HELD FIRST SESSION CONGRESSIONAL COMMISSION ON QUESTIONSO F BUDGET REFORM, WHICH, HE SAYS

HAS TASK MAKING RECOMMENDATIONS ON HOW BALANCE FY 76
BUDGET WITH AVAILABLE REVENUES. ARTICLE CITES TESTIMONY
BY FORMER ASSISTANT DEFENSE SECRETARY PAUL WARNKE TO EFFECT
IMPROVEMENT IN US ECONOMY SHOULD CONTRIBUTE TO REDUCTION
IN DEFENSE BUDGET, FURTHER REDUCTION INTERNATIONAL TENSIONS
AND IMPROVED US-SOVIET ECONOMIC RELATIONS. SIMILAR IDEAS
CAN BE EXPECTED FROM ECONOMIC SUMMIT, SAYS PRAVDA.
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